

Drug Intelligence Brief



DRUG ENFORCEMENT ADMINISTRATION
INTELLIGENCE DIVISION

April 2004
DEA-04009

AUSTRALIA: COUNTRY BRIEF 2003



DEA Office Responsible: Canberra Country Office
Type of Government: Democratic, federal-state system that recognizes the British Monarch as sovereign
Official Name: Commonwealth of Australia
Capital: Canberra
Population: 19,731,984 (July 2003)



Status In International Drug Trafficking

Like other countries within the South Pacific, Australia is not a major drug cultivation center. It is a consumer of significant quantities of drugs, (in relation to its population size) such as marijuana, methamphetamine, heroin, and cocaine, with marijuana being the most popular and abused drug. Although drug seizures leveled off by the first half of 2003, seizures had been increasing since the mid-1990s.

Cultivation

Cannabis

Licit Cultivation

Cannabis is grown in Australia for the country's hemp industry. The Australian States of New South Wales, Queensland, Tasmania, and Victoria are testing a trial cultivation of low tetrahydrocannabinol (THC) cannabis for use as industrial hemp. The purpose of the trial is to develop a low to nonexistent THC content cannabis product from which to extract oils for use in body lotions and health food additives, and to extract the plant fibers for the production of ropes and clothing materials.

Analyst Note: Australian officials are aware that as long as the derivative substances possess detectable levels of THC, export to the United States will not be permitted.

Illicit Cultivation

An estimated 5,000 hectares of cannabis are grown outdoors in Australia each year. Although there is no evidence that marijuana produced in Australia is exported to international markets, domestically produced marijuana is regarded as Australia's most popular and most abused illicit drug.

The Australian States of New South Wales and Queensland are the primary growing areas for outdoor cultivation of cannabis because of the favorable climate. Other outdoor cannabis operations have been found in the States of South Australia, Victoria, and the Australian Capital Territory (ACT). Australian authorities also find cannabis fields in remote areas such as brushlands and national parks. Outdoor operations in Australia have a high degree of sophistication, such as the use of solar-powered irrigation systems at some remote cultivation sites. Australian authorities also find cannabis fields in remote areas such as brushlands and national parks.

Hydroponic (indoor) cultivation of cannabis is used in large scale operations. Hydroponic cultivation is perceived by the traffickers to have a number of advantages such as higher yields, reduced risk of detection, and an increased sense of security by the growers. Various state and territorial police cannabis eradication units report an increase in the seizure of hydroponic growing operations.

Australian law enforcement authorities state that cannabis cultivation has traditionally been controlled by outlaw motorcycle gangs and criminal organizations associated with second and third-generation Italian immigrants. However, recent information indicates that criminal organizations comprised of immigrants from other countries, such as Greece, Poland, and Vietnam, are also involved in the cultivation of cannabis in Australia.

Opium Poppy

Licit Cultivation

The licit cultivation and processing of opium poppies (*papaver somniferum*) for exportation as opium—and its derivatives—in Australia is controlled by regulations similar to the U.S. “80-20 Rule,” which was derived from requirements set forth in the 1961 United Nations (U.N.) Single Convention on Narcotic Drugs. The 80-20 Rule stipulates that India and Turkey share 80 percent of the licit U.S. opium market, while the countries of Australia, Belgium, France, Hungary, Poland, and Yugoslavia share the remaining 20 percent. The production of licit opium in Australia is dictated by domestic narcotics requirements, as well as the needs of various countries—such as Japan, South Africa, Norway, the Netherlands, the United Kingdom, and the United States—to which its products are exported.

The licit cultivation of opium poppies is strictly confined to the Australian State of Tasmania. The opium poppies grown there have some of the world’s highest morphine content yields—averaging between 1 to 1.5 percent. The average yield in other areas of the world ranges from .3 to .5 percent. The “concentrated poppy straw” (CPS) method is used to harvest opium poppies. In the CPS method, poppy pods are dried on the stalk and then crushed to remove the seeds. The seeds are used for a food product and the crushed pods are processed to extract the alkaloids. This method ensures a better product and affords enhanced security during the production process. The U.S. Department of State reports that India’s licit opium industry is attempting to copy Australia’s CPS method.

Two agencies are responsible for controlling and monitoring the cultivation and manufacturing of licit opiates in Australia: The Australia Department of Health, Housing, and Community Services (DHHCS), and the Tasmania State Poppy Advisory Control Board (PACB). The DHHCS is responsible for approving the manufacturing quotas for the production of opiate alkaloids from the poppies grown in Tasmania. The PACB is responsible for issuing licenses to growers; establishing manufacturing quotas; determining levels of reserve stock of raw materials; and determining any matters that may affect the long-term viability of the opiate alkaloid industry.

For the 2003-2004 season, over 800 growers were licensed to plant approximately 14,000 hectares of opium poppy. The plants from these 14,000 hectares yielded more than 50 tons of anhydrous morphine alkaloid using the CPS method.

In recent years, growers in Tasmania have developed, through genetic selection or modification, a second type of opium poppy to be processed using the CPS method. The original species is converted by the CPS method into morphine, while the new species of opium poppy, which has a higher thebaine content, is converted into oxycodone. The oxycodone is exported to countries around the world and does not fall under the 80-20 Rule.

Illicit Cultivation

There is no significant illicit cultivation of opium poppy in Australia.

Processing

Heroin

Australia has no known significant processing of heroin. Periodically, Australian law enforcement authorities encounter “homebake” heroin laboratories operated by addicts. The homebake method extracts morphine from legitimate over-the-counter or non-prescription codeine-based products. The extraction process is relatively simple, but the yields are usually very small—ranging from 6 to 8 cubic centimeters of morphine.

Synthetic Drugs

Outlaw motorcycle gangs dominate domestic methamphetamine production in Australia. The primary areas for methamphetamine production are the States of Queensland, New South Wales, and South Australia. The motorcycle gangs generally use the “Nazi” method to produce methamphetamine in small laboratories.

Analyst Note: The name for this method of making methamphetamine comes from the original German patent that was published during World War II. This is a very easy, efficient, but dangerous method of producing methamphetamine. The danger comes from the use of lithium or sodium metal to produce the necessary chemical reactions. Both lithium and sodium metal react explosively when exposed to water in any form.

There also have been several large-scale 3,4-methylenedioxymethamphetamine (MDMA), a.k.a. Ecstasy, laboratory seizures in the Sydney and Melbourne metropolitan areas. The chemicals seized at these MDMA laboratories originated from locations throughout Southeast Asia. Australian law enforcement and customs officials are also seizing increasing amounts of sassafras oil being smuggled through various ports-of-entry, such as Sydney and Melbourne. Sassafras oil produces safrole, which can be used as a precursor chemical in the manufacture of MDMA.

Trafficking

Marijuana

In addition to domestic marijuana production, occasional multiton quantities of Southwest and Southeast Asian marijuana are smuggled into Australia. Southwest Asian marijuana and hashish are smuggled from Afghanistan, Lebanon, Pakistan, and India. Southeast Asian marijuana is smuggled from Papua New Guinea, Cambodia, Thailand, and the Philippines. Marijuana found in Australia also originates from other countries such as Tanzania, Turkey, South Africa, and the United States. No particular group is predominant in the trafficking and distribution of marijuana.

Cocaine

Multikilogram quantities of cocaine are smuggled into Australia by a variety of trafficking groups from China, Colombia, Lebanon, and various Pacific Islands. Cocaine shipments are smuggled from South America to Australia, occasionally transiting the United States. A majority of the cocaine is smuggled by couriers on flights originating in South America, although there have been several large (more than 100 kilogram) maritime seizures involving yachts and fishing vessels. Nigerian criminal organizations also use parcel post shipments to send cocaine to Australia. Within Australia, domestic trafficking organizations use vehicles and parcel post to move cocaine throughout the country.

Historically, Australia's contact and communications with South American countries have been limited. As trade links with South America and immigration to Australia increase, the opportunities for cocaine traffickers also increase. Furthermore, as the number of direct commercial airline flights between Australia and South America increase, so does the opportunity for courier smuggling.

Heroin

According to Australian law enforcement, Southeast Asian heroin accounts for 90 percent of the heroin seized in Australia. Southeast Asian heroin is smuggled by ethnic Chinese and Vietnamese traffickers. The most common smuggling methods are body carry and false linings in suitcases. However, containerized cargo is used to transport large amounts of heroin into Australia. Sydney appears to be the main point of entry for heroin due to the high volume of international airline traffic and containerized cargo.

Minor amounts of Southwest Asian heroin are smuggled into Australia by ethnic Lebanese for use by the large Middle Eastern communities in the cities of Sydney and Melbourne.

Synthetic Drugs

Australian officials noted an increasing number of methamphetamine laboratories over the last few years. Outlaw motorcycle gangs control most of the methamphetamine production in Australia. However, New South Wales police report that ethnic organized crime groups trade, buy, and sell drugs (including methamphetamine) among themselves.

In September 2003, a drug trafficking organization based in Cambodia smuggled a shipment of 750 kilograms of pseudoephedrine into Australia that was seized by customs authorities in Sydney. This shipment was destined for a methamphetamine laboratory established in Australia by this group.

In May 2003, ethnic Chinese organized crime groups were involved in crystal methamphetamine shipments that resulted in two seizures totaling over 400 kilograms. China is a major source of supply for the crystal methamphetamine that is imported into Australia by containerized cargo.

Western Europe is the primary source for Ecstasy that is smuggled into Australia. Ecstasy is smuggled into Australia by drug couriers using the body carry method. The United Kingdom,

Malaysia, and Indonesia are the most common embarkation points for Ecstasy entering Australia. Airfreight and maritime containerized cargo are frequently used for larger shipments of Ecstasy.

Precursor Chemical Production and Diversion

Australia's chemical industry produces a variety of chemicals such as acetone, benzene, and toluene. Although these chemicals could potentially be diverted for the purpose of illicit drug production, there is currently no evidence that any significant diversion is occurring.

Precursor chemical control legislation has been enacted in Australia on a state-by-state basis. This patchwork of legislation causes significant problems for law enforcement officials because each state puts different chemicals under different levels of control.

Drug-Related Money Laundering

Australia has extensive legislation on money laundering, asset seizure or forfeiture, and banking system transaction monitoring. In addition, Australia has extensive record keeping and reporting requirements for its financial institutions.

Although money laundering is not currently a problem for Australian authorities, two areas do concern Australian law enforcement officials. First, a tourist industry is developing around a growing number of casinos in several Australian cities. Second, the practice of "smurfing" (making multiple deposits of illicit funds just under a mandated threshold amount of \$A10,000) is used by drug traffickers to launder their proceeds.

The Australian Transaction Reporting and Analysis Center (AUSTRAC) closely monitors the movement of money in and out of Australia, as well as other suspicious financial activities. AUSTRAC was established by the Cash Transaction Reporting Act of 1988, which went into effect in 1990. This law was updated in 1992, to cover other aspects of money laundering such as international wire and telegraph transfers. In instances where transactions are suspect, AUSTRAC is responsible for notifying the appropriate law enforcement agency.

Drug Abuse and Treatment

Drugs of Choice

The drug of choice is marijuana, followed by Ecstasy and methamphetamine. Other drugs of abuse include heroin, cocaine, hashish, and lysergic acid diethylamide (LSD). The Australian Government reports that the type of marijuana most desired by its user population is hydroponically grown marijuana.

Addict Population

In 2001 (the most recent available statistics), the Australian heroin addict population was estimated to be approximately 200,000 people (approximately 1 percent of the total population). The ACT is reported to have the highest drug abuse rate in the country.

Treatment and Demand Reduction Programs

Australia has several national centers working on demand reduction and the treatment of drug abuse with some degree of success. One of its programs is aimed at diverting casual marijuana users into assessment and treatment programs and away from the criminal justice system.

The City of Sydney established “safe injection rooms” where addicts could legally use heroin. These rooms serve two purposes: to avoid overdoses, and to buttress legalization arguments. The ACT and the State of New South Wales established safe injection rooms similar to the ones in Sydney. Local health workers oversee these locations.

Drug Law Enforcement Agencies and Legislation

Federal, state, and territorial police agencies share responsibility for drug law enforcement. Each police force is an independent organization with jurisdiction over the laws of its particular state or territory. The exception is the ACT, a federal territory which is administered directly by the Commonwealth that receives support from the Australian Federal Police (AFP). At the Federal level, the following three agencies are involved in drug law enforcement and interdiction: the AFP, the Australian Customs Service (ACS), and the Australian Crime Commission (formerly, the National Crime Authority and the Australian Bureau of Criminal Intelligence).

Australia uses the English Common Law system. Drug law enforcement in Australia is based on the Customs Act of 1901 that covers the import, export, and possession of most controlled substances. On several occasions in the past, Australian courts used legal decisions from the United States as the basis for their decisions in drug cases where local precedents were lacking.

Other legislation with implications for drug law enforcement are: the Proceeds of Crime Act of 1987 (civil and criminal asset forfeiture); the Telecommunications Interception Amendment Act of 1987; and the Cash Transaction Report Bill of 1988. Legislation was implemented over the past several years that addressed various civil and criminal drug-related asset forfeiture issues. In 2002, the Australian Parliament passed legislation that criminalized money laundering and enhanced police ability to conduct undercover operations.

Although there has been some marijuana decriminalization at the local level in the ACT and South Australia, there has been no change in the enforcement of the Federal marijuana laws.

Treaties and Conventions

Australia is a signatory to international counterdrug treaties and conventions that include the 1961 U.N. Single Convention as amended by the 1972 Protocol; the 1971 U.N. Convention on Psychotropic Substances; and the 1988 U.N. Drug Convention. There are also mutual legal assistance (1987 and 1990) and extradition treaties (1974, 1988, 1990, and 1992) signed with the United States. In July 2002, a Memorandum of Understanding (MOU) was signed between the AFP and DEA regarding a Strategic Agreement for the Sharing of Information and Intelligence. During 2003, a similar MOU was signed by the ACS and DEA.

Arrests by Drug Type*

Year**	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003
Cocaine	433	652	612	NA
Heroin & other Opiates	11,223	7,396	3,239	NA
Cannabis	55,461	44,719	55,494	NA
Synthetics***	8,083	8,851	8,063	NA

Source: The Government of Australia

* Australian Government arrest statistics for 2002-2003 are not currently available.
 ** Australian statistics cover the period from July 1 of the first year to June 30 of the second year.
 *** Includes amphetamine pills, methamphetamine pills, crystal methamphetamine, and MDMA.

Seizures from July 1, 1999, to June 30, 2003 (in kilograms)

Year*	Cocaine	Heroin	Marijuana (Domestic only)	Marijuana (Imported only)	Methamphetamine	Ecstasy
2002 - 2003	59.7	305.9	NA	22.0	244.0	552.0
2001 - 2002	1,064.0	419.0	6,856	2,944.0	428.3	445.0
2000 - 2001	427.0	215.6	4,563	70.8	86.5	338.0
1999 - 2000	717.5	734.7	4,365	20.8	8.81	144.1

Source: The Government of Australia

* 2002-2003 statistics above are based on DEA Canberra information. Official Australian Government seizure statistics for 2002-2003 are not currently available. Australian statistics cover the period from July 1 of the first year to June 30 of the second year.

Australia is actively involved with many international organizations that investigate drug trafficking. These organizations include, but are not limited to: INTERPOL, the U.N. Commission on Narcotic Drugs, Heads of Narcotics Law Enforcement Association (HONLEA), the International Narcotics Control Board (INCB), the South Pacific Chiefs of Police, and the Customs Cooperation Council.

Key Judgments

While Australia is not a major drug cultivation center or transit point, seizures of many drugs and precursor chemicals have risen significantly over the last several years. These increases in both the number and size of the seizures are due to the fact that Australia lies along major maritime and aviation routes between Southeast Asia and the Americas.

While marijuana use will continue to be the primary and most widespread drug problem in Australia, the increasing production, trafficking, and abuse of synthetic drugs, such as methamphetamine and MDMA, could develop into significant challenges for the Australian criminal justice and drug treatment systems.

This report was prepared by the Europe, Asia, Africa Strategic Intelligence Unit of the Office of Strategic Intelligence. This report reflects information received through March 2004. Comments and requests for copies are welcome and may be faxed to the Intelligence Production Unit, Intelligence Division, DEA Headquarters, at (202) 307-8726.

